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Letter dated 5 April 2007 from the Chairperson of the Committee for Development Policy addressed to the President of the Economic and Social Council

In response to Economic and Social Council decision 2007/212 of 15 March 2007, in which the Council requested the Committee for Development Policy to examine the issues raised by Samoa, I am pleased to send you, on behalf of the Committee, its report, including its recommendations for submission to the Council (see annex).

(*Signed*) Suchitra **Punyaratabandhu**
Chairperson
Committee for Development Policy

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Annex

The least developed countries status of Samoa

1. At the request of the Economic and Social Council in its decision 2007/212 of 15 March 2007, the Committee for Development Policy examined the issues raised by Samoa at its presentation to the Committee on 21 March 2007. In his statement, the Ambassador of Samoa emphasized, among other concerns, the high vulnerability of Samoa, the dependence of its progress upon aid flows and remittances and the need to retain external support for achieving greater resilience and lesser vulnerability.

2. Samoa asked that the Committee include the economic vulnerability index (EVI) as one of the two criteria that should be met by countries before their graduation from the list of least developed countries. The same request had been made by Samoa in its statement to the Committee at its eighth session in 2006. Samoa did not introduce any new information in its presentation nor did it challenge the factual information used by the Committee at its triennial review in 2006, during which it found that Samoa qualified for graduation and had consequently so recommended. After further reviewing Samoa's request, the Committee has concluded that agreement to the request would entail a change in the principles of the criteria for the identification of least developed countries, in that it would make a sufficiently low EVI a necessary requirement for graduation.

3. The general principles of the criteria for the identification of least developed countries applied by the Committee, as reviewed and confirmed at its seventh session in 2005, are rooted in the criteria already established by the Committee's predecessor, the Committee for Development Planning, in the 1970s. These criteria define least developed countries as low-income countries hampered in their social and economic progress by structural handicaps measured along two dimensions, which in recent years have been defined as low human assets, as measured by the human assets index (HAI), and high economic vulnerability, as measured by EVI. According to the current criteria, in order to qualify for graduation, a country must no longer meet two of the three criteria in two consecutive triennial reviews. In cases dealt with by the Committee in recent years, this has meant in practice a gross national income (GNI) per capita well above the low-income threshold and one of the two structural handicap indices clearly beyond the graduation threshold. Moreover, the Committee takes into consideration that the status of the two dimensions of the structural handicaps must be such that the progress on one of these with regard to the threshold for graduation sufficiently outweighs the deficiency in the other. The rationale of the graduation criteria is thus to ensure that a least developed country that has achieved growth and development over a sustained period of time is not graduated until there are convincing reasons to believe that there is a firm basis for its continued economic progress. Recommendation for graduation means that the Committee finds that the country no longer belongs among the least developed countries, but does not in any way imply that the country is no longer in need of support and assistance from the international community. This is particularly true with regard to the special problems of small island developing States in view of the increased likelihood of those countries being negatively affected by climate change and rising sea levels.

4. According to the established practice, the criteria for the identification of least developed countries will be reviewed, and possibly refined, at the next session of the Committee in 2008 and before the next scheduled triennial review in 2009. In this context, various proposals for improving and refining the criteria will be examined. This will be undertaken with due consideration to the need for preserving consistency, stability, equitable treatment and flexibility in the criteria for graduation.

5. In 2003 the Committee found Samoa eligible for graduation. The subsequent triennial review, undertaken during the eighth session of the Committee in 2006,[a] found that Samoa had the third highest GNI per capita and the second highest HAI score among the least developed countries. At the same session, the Committee also considered the vulnerability profile prepared by the United Nations Conference on Trade and Development (UNCTAD), which confirmed the dependence upon remittances and provided an assessment of the likely consequences of graduation. Although Samoa was found economically vulnerable, with its EVI far above the graduation threshold, it fulfilled with ample margin the qualification for graduation according to the criteria. Moreover, the joint consideration of the two indices of structural handicaps (HAI and EVI) led the Committee to consider that the situation of Samoa was quite similar to that of Cape Verde, whose graduation has already been decided by the General Assembly. On the basis of all the information available, the Committee recommended Samoa for graduation from the list of least developed countries.

6. In view of the above, the Committee is not in a position to consider changes in the criteria currently in force or to agree to the request made by Samoa to the Committee on 21 March 2007. Consequently, the Committee is unable to modify its recommendation in its 2006 report regarding the graduation of Samoa.

7. While fully understanding the concerns of Samoa with regard to its vulnerability and the possible consequences of its graduation, the Committee, if its recommendation to graduate Samoa is endorsed, stresses the importance of implementing the provisions of General Assembly resolution 59/209 of 20 December 2004, in which the Assembly called upon the development and trading partners to support graduated countries in order to ensure a smooth transition. The Committee urges the Economic and Social Council to continue considering the modalities through which the aforementioned resolution on a smooth transition strategy is effectively implemented.

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[a] The criteria and rules for identification of least developed countries as adopted by the Committee at its seventh session, in 2005, were noted by the Economic and Social Council (see Council resolution 2006/1 on the report of the Committee for Development Policy on is seventh session) and applied by the Committee for Development Policy in 2006. At the time of the review of the criteria in 2005, the special situation and the vulnerability of small island developing States was taken into account.